

Introduced by: Councilmember Austin-Lane

First Reading: July 17, 2006

Second Reading: July 24, 2006

Effective Date: October 1, 2006

CITY OF TAKOMA PARK

ORDINANCE NO. 2006-31

**Amendment of the *Takoma Park Code*,
Chapter 6, Housing, Regarding the Applicability of and Exemptions to Rent Stabilization**

WHEREAS, the Council is reviewing the provisions of the *Takoma Park Code* as part of the City of Takoma Park's ongoing recodification project; and

WHEREAS, the number of residential rental units in the City has declined in recent years; and

WHEREAS, the high cost of housing in the region renders low and moderate income individuals and families unable to afford market rents for suitable housing; and

WHEREAS, the Council has determined that exempting from rent stabilization rental units and rental facilities in which affordable rental housing is provided to low and moderate income residents through state, county, and federal affordable housing programs will preserve the City's affordable rental housing stock; and

WHEREAS, the Council wishes to encourage the construction of new rental units without displacing or disturbing tenants of existing rental units; and

WHEREAS, rent stabilization is inapplicable to certain housing facilities and the Council wishes to make clear that rent stabilization remains inapplicable to those facilities.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND, that, effective October 1, 2006, the *Takoma Park Code* is amended as follows.

TAKOMA PARK CODE

CHAPTER 6. HOUSING.

CHAPTER 6.20 RENT STABILIZATION

Section 6.20.020 Rent stabilization scope; annual allowance.

~~B.A.~~ ~~The rent stabilization allowance and~~ aAll provisions pertaining to rent stabilization in this chapter are applicable to all rental units, except as provided in Sections 6.20.021 and 6.20.022, the following:

- ~~—1. Any establishments which have as their primary purpose the diagnosis, cure, mitigation and treatment of illnesses;~~
- ~~—2. Any accessory apartment;~~
- ~~—3. Any one rental unit, provided that the landlord owns no more than one rental unit in the City;~~
- ~~—4. Any owner-occupied group house.~~

AB. An annual rent stabilization allowance shall be established, effective on July 1st of each year. This rent stabilization allowance shall equal 70% of the Consumer Price Index, as specified in the Department' s regulations.

Section 6.20.021 Rent stabilization inapplicable.

A. The provisions of Chapter 6.20, Rent Stabilization, shall not be applicable to the following:

- 1. Any unit in a licensed facility, the primary purpose of which is the diagnosis, cure, mitigation and treatment of illnesses;
- 2. Any unit in a facility owned or leased by an organization exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, the primary purpose of which is to provide temporary sanctuary or shelter for qualified clients, provided that the organization has notified the clients residing in the facility of the temporary nature of their housing at the inception of their residence;
- 3. Any accessory apartment for which the Montgomery County Planning Board has granted a special exception;
- 4. Any one rental unit, provided that the landlord owns no more than one rental unit in the City;
- 5. Any owner-occupied group house;

6. Religious facilities such as churches, synagogues, parsonages, rectories, convents and parish homes;
7. Transient facilities such as hotels, motels, tourist homes, and bed and breakfast facilities; and
8. School dormitories.

B. *Frequency of rent increases.* The rents for rental units described in paragraphs A.3 and A.4 of this section may be increased only once within a 12-month period.

Section 6.20.022 Rental facilities and rental units exempt from rent control.

A. The Department shall, upon application of the owner, grant an exemption from this chapter for the following rental units and rental facilities:

1. Rental units leased to tenants assisted under federal Tenant Based Assistance Programs under 42 U.S.C. § § 1437f and 11403 et. seq. or similar federally funded rent subsidy program. However, this exemption shall apply only for so long as the rent demanded does not exceed the authorized Payment Standard, which, for purposes of this subsection, is the maximum monthly rental assistance potentially available to an assisted household before deducting the household share of income paid for rent and utilities as established by the Montgomery County Housing Opportunities Commission or successor agency.
2. Any rental facility that is subject to a regulatory agreement with a governmental agency that controls the rent levels of one or more rental units so that they are available only to low and moderate income tenants.
3. *Newly constructed rental units.* For a period of five years after the issuance of a rental license, any newly constructed rental units first offered for rent after July 1, 2006.
 - a. Newly constructed rental unit shall mean any rental unit constructed that results in a net gain in the number of rental units at a property over the number of rental units at the property as of July 1, 2006, plus any rental units already added to the property, provided that the size of an existing rental unit or the indoor common areas of the rental facility is not reduced. The reconfiguration, renovation, change in description, or change in identification of a rental unit shall not result in a newly constructed rental unit.
 - b. *Replacement rental units not exempt.*
 - i. The maximum allowable rents applicable to pre-existing rental units shall be applicable to rental units that replace those units.
 - ii. A rental unit is a replacement rental unit unless the unit is a newly constructed rental unit as defined in this paragraph A.3.a of this section.

iii. If a replacement rental unit is smaller than the unit it replaces, the maximum allowable rent for the replacement unit shall be reduced by a percentage equal to the reduction in size of the unit.

B. Termination of Exemption.

1. Exemptions granted pursuant to paragraph A.1 of this section shall expire after one-year or when the conditions entitling the facility to an exemption cease to exist, whichever shall first occur. The exemptions are renewable annually upon re-application. Upon the termination of an exemption, the rental unit shall be subject all of the provisions of this chapter.

2. Exemptions granted pursuant to paragraph A.2 of this section shall expire upon the termination of the agreement with the governmental agency entitling the rental facility to the exemption.

C. Rents upon Termination of Exemption.

1. For rental facilities and rental units receiving an exemption pursuant to paragraphs A.1-2 of this section, upon the termination of the exemption, the base rent for the units and the reference point from which the rent ceiling shall be adjusted in accordance with Section 06.20.030 shall be the maximum allowable rent for each unit at the time the exemption commenced plus the annual rent stabilization allowances for each year that the unit was exempt.

2. For rental facilities and rental units receiving an exemption pursuant to paragraph A.3 of this section, upon the termination of the exemption, the base rent for the units and the reference point from which the rent ceiling shall be adjusted in accordance with Section 06.20.030 shall be the rent set forth in the most recent annual rent report for each unit preceding the expiration of the exemption.

D. Annual Rent Increases. The rents of occupied rental units exempt from rent stabilization under this section may only be increased once within any 12-month period.

E. Notice of Rent Increases. For rental units receiving an exemption pursuant to paragraphs 2-3 of subsection A, a landlord shall not increase or attempt to increase the rent for any rental unit without having first given the tenant(s) living therein at least 2 months' written notice of the increase.

Adopted this 24th day of July, 2006, by roll-call vote as follows:

Aye: Porter, Elrich, Seamens, Williams

Nay:

Absent: Austin-Lane, Barry, Clay

Abstain:

Note: Additions to the *Takoma Park Code* are underlined. Deletions to the *Takoma Park Code* are in ~~strike out~~.